SENATE BILL No. 283

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-19-3.

Synopsis: Transferability of community revitalization credit. Allows a taxpayer to assign, sell, convey, or otherwise transfer a tax credit received for investment in a community revitalization enhancement district to another taxpayer. (Current law permits assignments to certain lessees of property located in the district.)

Effective: January 1, 2006.

Long, Broden

January 6, 2005, read first time and referred to Committee on Tax and Fiscal Policy.

Introduced

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

SENATE BILL No. 283

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 6-3.1-19-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 3. (a) Subject to section 5 of this chapter, a taxpayer is entitled to a credit against the taxpayer's state and local tax liability for a taxable year if the taxpayer makes a qualified investment in that year.

(b) The amount of the credit to which a taxpayer is entitled is the qualified investment made by the taxpayer during the taxable year multiplied by twenty-five percent (25%).

(c) A taxpayer may assign, **sell, convey, or otherwise transfer** any part of the credit to which the taxpayer is entitled under this chapter to ~~a lessee of property redeveloped or rehabilitated under section 2 of this chapter.~~ **another taxpayer.** A credit that is ~~assigned~~ **transferred** under this subsection remains subject to this chapter.

(d) ~~An assignment~~ **A transfer** under subsection (c) must be in writing and both the taxpayer and the ~~lessee~~ **transferee** must report the assignment on their state tax return for the year in which the ~~assignment~~ **transfer** is made, in the manner prescribed by the department. The taxpayer may not receive value in connection with the ~~assignment~~ **transfer** under subsection (c) that exceeds the value of the part of the credit assigned.

(e) If a pass through entity is entitled to a credit under this chapter but does not have state and local tax liability against which the tax credit may be applied, a shareholder, partner, or member of the pass through entity is entitled to a tax credit equal to:

(1) the tax credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder, partner, or member is entitled.

The credit provided under this subsection is in addition to a tax credit to which a shareholder, partner, or member of a pass through entity is otherwise entitled under this chapter. However, a pass through entity and an individual who is a shareholder, partner, or member of the pass through entity may not claim more than one (1) credit for the same investment.

(f) A taxpayer that is otherwise entitled to a credit under this chapter for a taxable year may claim the credit regardless of whether any income tax incremental amount or gross retail incremental amount has been:

(1) deposited in the incremental tax financing fund established for the community revitalization enhancement district; or

(2) allocated to the district.

SECTION 2. [EFFECTIVE JANUARY 1, 2006] **IC 6-3.1-19-3, as amended by this act, applies to taxable years beginning after December 31, 2005.**